

Docket:	: A.21-01-003
Exhibit Number	: Cal Adv - _____
Commissioner	: Martha Guzman Aceves
Administrative Law Judge	: Daphne Lee
Public Advocates Office	
Witness	: Prashanta Adhikari



REPORT AND RECOMMENDATIONS ON RESULTS OF OPERATIONS

Application 21-01-003

**San Francisco, California
May 25, 2021**

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MEMORANDUM

1 The Public Advocates Office at the California Public Utilities Commission (Cal
2 Advocates) examined requests and data presented by San Jose Water Company (SJWC)
3 in Application (A.) 21-01-003 (Application) to provide the California Public Utilities
4 Commission (Commission) with recommendations that represent the interests of SJWC's
5 customers for safe and reliable service at the lowest cost. This Report is prepared by
6 Prashanta Adhikari. Ting-Pong Yuen is Cal Advocates' project lead for this proceeding.
7 Mukunda Dawadi is the oversight Program and Project Supervisor, and Angela Wuerth is
8 the legal counsel.

9 Although every effort was made to comprehensively review, analyze, and provide
10 the Commission with recommendations on each ratemaking and policy aspect of the
11 requests presented in the Application, the absence from Cal Advocates' testimony of any
12 particular issue does not constitute its endorsement or acceptance of the underlying
13 request, or the methodology or policy position supporting the request.

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TABLE OF CONTENTS

Memorandum	i
Table of Contents	iii
Results of Operations Summary	1
Cal Advocates Reports and Witnesses	3
Results of Operations Tables	4
Attachment 1: Statement of Qualifications - Prashanta Adhikari.....	20

RESULTS OF OPERATIONS SUMMARY

Generally, the process for determining what rate changes are necessary requires comparing two basic calculations. The first produces a Revenue Requirement, an estimate of the budget that a utility needs to provide safe and reliable service. The second calculation estimates the utility's ability to achieve the Revenue Requirement by forecasting the revenue likely to be collected at present rates.¹ The difference (as a percentage) between these two calculations determines the overall change in average system rates. When the Revenue Requirement exceeds the revenue estimated at present rates, an increase in average system rates is needed. On the other hand, an increase in customers, water consumption, or rates may produce an estimated revenue that exceeds the calculated Revenue Requirement and, therefore, a decrease in average system rates is necessary.

The following table compares the increase in revenue from present rates necessary to achieve the Revenue Requirements estimated by Cal Advocates and SJWC for each of the three years addressed in this proceeding. The percentages shown reflect the resulting change in average system rates.

Table 1: Comparison between Cal Advocates Recommended and SJWC Requested Revenue Increase

Year	Cal Advocates		SJWC	
	Increased Revenue	Percentage Increase	Increased Revenue	Percentage Increase
2022	\$16.6 million	4.06%	\$51.6 million	13.35%
2023	\$12.8 million	3.00%	\$16.9 million	3.88%
2024	\$13.8 million	3.14%	\$19.2 million	4.24%

¹ Present rates are the rates customers are currently paying as authorized by the Commission.

1 The Commission should adopt a revenue increases of 4.20% in TY 2022, 3.06% in
2 2023, and 3.22% in 2024. SJWC proposes revenue requirement increases of 13.35% in
3 Test Year (TY) 2022, 3.88% in 2023, and 4.24% in 2024 in its Application.² SJWC
4 updated its Application (45-day update) on March 4, 2021. Through its 45-day update,
5 SJWC requests revenue requirement increases of 8.06% in 2022, 4.26% in 2023, and
6 4.86% in 2024. Even though SJWC's 45-day update generates a lower percentage rate
7 increase for TY 2022 than its Application, it still results in a revenue requirement that is
8 \$3.6 million higher than its Application.³ This lower percentage rate increase is due to the
9 higher present rate revenue amount after incorporating the latest authorized rates. The
10 CPUC has authorized rate increases for 2021, through advice letters such as the
11 escalation filing Advice Letter 556,⁴ which was not reflected in the original application,
12 but is in the 45-day update.

13 The Commission should adopt a total revenue requirement of \$426.6 million in
14 TY 2022. This recommendation is \$11.6 million less than SJWC's requested revenue
15 requirement of \$438.2 million in the application.⁵

16 Cal Advocates' recommended total revenue requirement is an increase of \$16.6
17 million from present rates for TY 2022. Cal Advocates' recommended revenue increase
18 includes an additional \$15 million in Purchased Water and Pump Tax costs.⁶

19 SJWC's requested revenue requirement is an increase of \$51.6 million from
20 present rates for TY 2022. SJWC's requested revenue requirement increase does not
21 include Purchased Water and Pump Tax costs of \$15 million, which SJWC instead would
22 track in balancing accounts that would later be recovered from customers through
23 surcharges between General Rate Cases.

² SJWC 2021 GRC Application, pg. 1.

³ SJWC's requests \$438.2 million revenue requirement in the Application (A.)21-01-003 and later updates with \$441.8 million in its 45-day updates filed on March 4, 2021.

⁴ SJWC Advice Letter ADV 556

⁵ Cal Advocates recommended revenue requirement in TY 2022 is \$11.7 million lower than SJWC's requested revenue requirement of \$441.8 million in its 45-day updates.

⁶ See Direct Testimony of Andrew Sweeney.

CAL ADVOCATES REPORTS AND WITNESSES

The following table identifies Cal Advocates' reports and witnesses that provide analysis and recommendations:

Table 2: Cal Advocates Reports and Witnesses

Report Author	Report Title
Prashanta Adhikari	Report and Recommendations on Results of operations
Prashanta Adhikari	Report and Recommendations on Taxes and Rate Base
Ting Pong-Yuen	Report and Recommendations on Payroll, Administrative & General Expenses, and Rate Design
Andrew Sweeney	Report and Recommendations on Operations and Maintenance Expenses
Daphne Goldberg	Report and Recommendations on Utility Plant, Construction-Work-in-Progress, Depreciation, Water Quality, Customer Service, Wildland Fire Mitigation Request, and Montevina Water Treatment Plant Request for Additional Cost Recovery
Phong Ly	Report and Recommendations on General Office – IT projects and recorded plant, Transmission and Distribution and Pump Stations and Equipment
Isaac Gendler	Report and Recommendations on Pumps and Motors
Niamh Murphy	Report and Recommendations on Generators and Disaster Relief Plan
Niamh Murphy	Report and Recommendations on Non-Tariff Products and Services
Niamh Murphy	Report and Recommendations on Balancing and Memorandum Accounts

RESULTS OF OPERATIONS TABLES

- 1 In developing the following Results of Operations (“RO”) Tables, Cal Advocates
- 2 utilized SJWC’s Results of Operations Model. Cal Advocates’ adjustments reflect the
- 3 recommendations presented in its testimonies.

SAN JOSE WATER COMPANY A.21-01-003					
TABLE 1-1					
SUMMARY OF EARNINGS - TEST YEAR					
Test Year 2022 (\$000)	Cal Advocates- Present Rates	SJWC- Present Rates	SJWC > Cal Advocates		
1 Revenue:					
2 Operating Revenues	408,459.6	386,045.3	(22,414.3)	-5.5%	
3 Deferred Revenue on CIAC - Gross of Tax	1,500.0	599.0	(901.0)	-60.1%	
4 Total Revenue	409,959.6	386,644.3	(23,315.3)	-5.7%	
5 Operating Expenses:					
6 Purchased Water Potable	110,927.0	101,305.0	(9,622.0)	-8.7%	
7 Purchased Water Recycled	3,662.6	3,908.3	245.7	6.7%	
8 Purchased Power	5,608.8	7,443.5	1,834.7	32.7%	
9 Pump Taxes	57,246.0	52,147.0	(5,099.0)	-8.9%	
10 Other Operating Expenses	16,045.2	17,204.9	1,159.7	7.2%	
11 Customer Account Expense	8,557.8	11,363.3	2,805.5	32.8%	
12 Administrative and General Expense	39,788.6	44,844.1	5,055.5	12.7%	
13 Maintenance Expense	16,101.9	16,824.3	722.4	4.5%	
14 Taxes Other Than Income	15,142.8	16,147.5	1,004.7	6.6%	
15 Depreciation and Amortization	68,444.3	71,314.0	2,869.7	4.2%	
16 California Corporate Franchise Tax	3,762.9	1,688.2	(2,074.7)	-55.1%	
17 Federal Income Tax	6,569.0	2,160.7	(4,408.3)	-67.1%	
18 Amortization of Unrecoverable Prepaid Tax-Advances (1987)	195.6	195.6	0.0	0.0%	
19 Reversal of Excess Deferred Tax	(3,202.1)	(3,202.1)	0.0	0.0%	
20 Total Operating Expenses	348,850.3	343,344.4	(5,505.9)	-1.6%	
21 Net Operating Revenues	61,109.2	43,299.9	(17,809.3)	-29.1%	
22 Weighted Average Rate Base	949,818.1	1,039,818.7	90,000.6	9.5%	
23 Return on Rate Base at Present Rates	6.43%	4.16%	-2.27%	-35.3%	
Test Year 2022 (\$000)	Cal Advocates- Proposed Rates	SJWC- Proposed Rates	SJWC > Cal Advocates		
1 Revenue:					
2 Operating Revenues	425,050.9	437,629.1	12,578.2	3.0%	
3 Deferred Revenue on CIAC - Gross of Tax	1,500.0	599.0	(901.0)	-60.1%	
4 Total Revenue	426,550.9	438,228.1	11,677.2	2.7%	
5 Operating Expenses:					
6 Purchased Water Potable	110,927.0	101,305.0	(9,622.0)	-8.7%	
7 Purchased Water Recycled	3,662.6	3,908.3	245.7	6.7%	
8 Purchased Power	5,608.8	7,443.5	1,834.7	32.7%	
9 Pump Taxes	57,246.0	52,147.0	(5,099.0)	-8.9%	
10 Other Operating Expenses	16,045.2	17,204.9	1,159.7	7.2%	
11 Customer Account Expense	8,576.5	11,363.3	2,786.8	32.5%	
12 Administrative and General Expense	39,788.6	44,844.1	5,055.5	12.7%	
13 Maintenance Expense	16,101.9	16,824.3	722.4	4.5%	
14 Taxes Other Than Income	15,182.8	16,259.9	1,077.1	7.1%	
15 Depreciation and Amortization	68,444.3	71,314.0	2,869.7	4.2%	
16 California Corporate Franchise Tax	5,224.4	6,234.0	1,009.6	19.3%	
17 Federal Income Tax	10,176.1	12,959.6	2,783.5	27.4%	
18 Amortization of Unrecoverable Prepaid Tax-Advances (1987)	195.6	195.6	0.0	0.0%	
19 Reversal of excess deferred tax	(3,202.1)	(3,202.1)	0.0	0.0%	
20 Total Operating Expenses	353,977.6	358,801.5	4,823.9	1.4%	
21 Net Operating Revenues	72,573.3	79,426.5	6,853.3	9.4%	
22 Weighted Average Rate Base	949,818.1	1,039,818.7	90,000.6	9.5%	
23 Return on Rate Base at Proposed Rates	7.64%	7.64%	0.00%	0.0%	

SAN JOSE WATER COMPANY A.21-01-003						
TABLE 1-2						
SUMMARY OF EARNINGS - ESCALATION YEARS						
For Illustrative Purposes (\$000)			Cal Advocates 2023	Cal Advocates 2024	2023-2024 Increase	
1	Revenue:					
2	Operating Revenues		436,900.6	449,652.5	12,751.9	2.9%
3	Deferred Revenue on CIAC - Gross of Tax		1,678.0	1,678.0	0.0	0.0%
4	Total Revenue		438,578.6	451,330.5	12,751.9	2.9%
5	Operating Expenses:*					
6	Purchased Water Potable		111,645.0	111,645.0	0.0	0.0%
7	Purchased Water Recycled		4,083.0	4,393.8	310.8	7.6%
8	Purchased Power		5,592.6	5,604.2	11.7	0.2%
9	Pump Taxes		56,087.0	56,441.0	354.0	0.6%
10	Other Operating Expenses		17,020.8	17,654.7	633.8	3.7%
11	Customer Account Expense		8,983.7	9,261.8	278.1	3.1%
12	Administrative and General Expense		40,697.1	41,382.8	685.7	1.7%
13	Maintenance Expense		16,914.3	17,700.3	786.0	4.6%
14	Taxes Other Than Income		15,750.1	16,219.3	469.2	3.0%
15	Depreciation and Amortization		70,232.4	72,020.5	1,788.1	2.5%
16	California Corporate Franchise Tax		5,361.3	5,837.1	475.7	8.9%
17	Federal Income Tax		10,432.8	11,254.5	821.7	7.9%
18	Amortization of Unrecoverable Prepaid Tax-Advances (1987)		195.6	195.6	0.0	0.0%
19	Reversal of excess deferred tax		(3,161.5)	(3,161.5)	0.0	0.0%
20	Total Operating Expenses		359,834.2	366,449.2	6,614.9	1.8%
21	Net Operating Revenues		78,744.4	84,881.3	6,136.9	7.8%
22	Weighted Average Rate Base		1,030,415.0	1,111,012.0	80,596.9	7.8%
23	Return on Rate Base		7.64%	7.64%	(0.0)	0.0%
	* Assumed escalation factors of 2.28% for composite and 1.20% for labor, for 2024.					
Net-to-Gross (NTG) Multiplier for 2nd Escalation Year & Other Offset Filings			with income tax effect	w/o income tax effect	Calculations	
1	Uncollectibles Rate		0.11258%	0.11258%		
2	100% - Uncollectibles Rate		99.88742%	99.88742%	100% - [1]	
3	Franchise Tax Rate		0.24090%	0.24090%		
4	Franchise Tax		0.24063%	0.24063%	[2] x [3]	
5	Business License Rate		0.00000%	0.00000%		
6	Business License cost		0.00000%	0.00000%	[2] x [5]	
7	Subtotal		0.35321%	0.35321%	[1+4+6]	
8	100% - Subtotal		99.64679%	99.64679%	100% - [7]	
9	California Corporate Franchise Tax Rate		8.84%			
10	California Corporate Franchise Tax		8.80878%		[8] x [9]	
11	American Jobs Creation Act Rate					
12	American Jobs Creation Act deductions *				[8-1]x[11]xprod%	
13	Federal Income Tax Rate		21.00%			
14	Federal Income Tax		19.07598%		[8-10-12] x 13	
15	Total Taxes Paid		28.23797%	0.35321%	[7+10+14]	
16	Net After Taxes		71.76203%	99.64679%	100% - [15]	
17	NTG Multiplier		1.39349	1.00354	1 / [16]	
Capital Structure			NTG Multiplier			
18	Debt	46.7%	1.00354	0.46886	w/o income taxes	
19	Equity	53.3%	1.39349	0.74245	with income taxes	
20	Total	100.0%		1.21131	Wtd. NTG Multiplier	
	* prod% = ratio of total well and surface water to total water supply.					

SAN JOSE WATER COMPANY A.21-01-003	
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TABLE 2-1									
AVERAGE WATER SALES PER CUSTOMER (OR PER CONNECTION)									

[illegible]

SAN JOSE WATER COMPANY A.21-01-003					
TABLE 2-2					
AVERAGE NUMBER OF CUSTOMERS (SERVICE CONNECTIONS)					
Test Year 2022		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Metered Customers (Service Connections):				
2	Potable Water				
3	Residential	200,515	200,431	(84)	0%
4	Business	20,976	20,894	(82)	0%
5	Industrial	50	51	1	2%
6	Public Authorities	1,276	1,264	(12)	-1%
7	Resale	32	32	0	0%
8	Other	340	331	(9)	-3%
9	Total Potable Metered Customers	223,189	223,003	(186)	0%
10	Raw and Recycled Water	223,189			
11	Raw Water	5	5	0	0%
12	Recycled Water	278	278	0	0%
13	Recycled Water Well	8	8	0	0%
14	Total Raw and Recycled Water Customers	291	291	0	0%
15	Total Metered Customers	223,480	223,294	(186)	0%
		223,480			
16	Up-size to Residential with Fire Service	5,848	5,738	(110)	-2%
17	Fire Services:				
18	Private Fire Services	4,193	4,168	(25)	-1%
19	Public Fire Services	0	0	0	0%
20	Total Fire Services	4,193	4,168	(25)	-1%
21	Total Number of Connections:				
22	Including Fire Protection	227,673	227,462	(211)	0%
23	Excluding Fire Protection	223,480	223,294	(186)	0%
Escalation Year 2023		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Metered Customers (Service Connections):				
2	Potable Water				
3	Residential	200,768	200,642	(126)	0%
4	Business	21,152	21,029	(123)	-1%
5	Industrial	50	51	1	2%
6	Public Authorities	1,269	1,256	(13)	-1%
7	Resale	32	32	0	0%
8	Other	367	350	(17)	-5%
9	Total Potable Metered Customers	223,638	223,360	(278)	0%
10	Raw and Recycled Water				
11	Raw Water	5	5	0	0%
12	Recycled Water	8	8	0	0%
13	Recycled Water Well	278	278	0	0%
14	Total Raw and Recycled Water Customers	291	291	0	0%
15	Total Metered Customers	223,929	223,651	(278)	0%
		223,929			
16	Up-size to Residential with Fire Service	6,167	6,041	(126)	-2%
17	Fire Services:				
18	Private Fire Services	4,272	4,233	(39)	-1%
19	Public Fire Services	0	0	0	0%
20	Fire Services Subtotal	4,272	4,233		
		4,272			
21	Total Number of Connections:				
22	Including Fire Protection	228,201	227,884	(317)	0%
23	Excluding Fire Protection	223,929	223,651	(278)	0%

SAN JOSE WATER COMPANY A.21-01-003					
TABLE 2-3					
TOTAL SALES AND SUPPLY					
Test Year 2022 (KCCF)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Metered Sales:				
2	<u>Potable Water sales</u>				
3	Residential	26,267.0	26,256.0	(11)	0.0%
4	Business	15,900.0	15,838.0	(62)	-0.4%
5	Industrial	178.0	182.0	4	2.2%
6	Public Authorities	2,831.0	2,805.0	(26)	-0.9%
7	Resale	195.0	194.0	(1)	-0.5%
8	Other	89.0	91.0	2	2.2%
9	Total Potable Water Sales	45,460.0	45,366.0	(94)	-0.2%
10	<u>Raw and Recycled Water Sales</u>	45,460.0			
11	Raw Water	90.0	91.0	1	1.1%
12	Recycled Water Piped	880.2	954.6	74	8.5%
13	Recycled Water Former Well	377.1	387.0	10	2.6%
14	Total Raw and Recycled Water Sales	1,347.2	1,432.6	85	6.3%
15	Total Metered Sales	46,807.2	46,798.6	(9)	0.0%
16	<u>Total Potable Water Sales</u>	45,460.0	45,366.0	(94)	-0.2%
17	<i>Unaccounted for Water %(water loss)</i>	7.300%	7.300%	0	0.0%
18	Water Loss	3,558.0	3,550.0	(8)	-0.2%
19	Total Requirement (Sales + Water Loss) *	49,018.0	48,916.0	(102)	-0.2%
	Total Requirement in Acre Feet				
20	<u>WATER SUPPLY MIX:</u>				
21	Well Water	16,634.8	16,532.8	(102)	-0.6%
22	Purchased Water	29,938.0	29,938.0	0	0.0%
23	Surface Supply	2,445.2	2,445.2	0	0.0%
24	Total Supply **	49,018.0	48,916.0	(102)	-0.2%
25	<i>Variance between Total Requirement and Supply</i>	0.0	0.0		
Escalation Year 2023 (KCCF)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Metered Sales:				
2	<u>Potable Water sales</u>				
3	Residential	25,899.0	25,883.0	(16)	-0.1%
4	Business	16,118.0	16,024.0	(94)	-0.6%
5	Industrial	180.0	184.0	4	2.2%
6	Public Authorities	2,848.0	2,818.0	(30)	-1.1%
7	Resale	195.0	194.0	(1)	-0.5%
8	Other	89.0	91.0	2	2.2%
9	Total Potable Water Sales	45,329.0	45,194.0	(135)	-0.3%
10	<u>Raw and Recycled Water Sales</u>				
11	Raw Water	90.0	91.0	1	1.1%
12	Recycled Water	1,024.5	1,098.9	74	7.3%
13	Recycled Water Well	377.1	387.0	10	2.6%
14	Total Raw and Recycled Water Sales	1,491.5	1,576.9	85	5.7%
15	Total Metered Sales	46,820.5	46,770.9	(50)	-0.1%
		46,820.5			0.0%
16	<u>Total Potable Water Sales</u>	45,329.0	45,194.0	(135)	-0.3%
17	<i>Unaccounted for Water %(water loss)</i>	7.300%	7.300%	0	0.0%
18	Water Loss	3,547.0	3,537.0	(10)	-0.3%
19	Total Requirement (Sales + Water Loss) *	48,876.0	48,731.0	(145)	-0.3%
	Total Requirement in Acre Feet			0	0.0%
20	<u>WATER SUPPLY MIX:</u>				
21	Well Water	16,298.8	16,153.8	(145)	-0.9%
22	Purchased Water	30,132.0	30,132.0	0	0.0%
23	Surface Supply	2,445.2	2,445.2	0	0.0%
24	Total Supply **	48,876.0	48,731.0	(145)	-0.3%
25	<i>Variance between Total Requirement and Supply</i>	0.0	0.0		
26	<i>* Total Requirement and Total Supply may differ slightly due to rounding.</i>				

SAN JOSE WATER COMPANY A.21-01-003					
TABLE 2-4					
OPERATING REVENUES AT PRESENT RATES					
Test Year 2022 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	<u>METERED SALES REVENUE</u>				
2	Potable Water Revenue				
3	Residential	246,673.0	239,106.0	(7,567.0)	-3.1%
4	Business	123,325.0	111,361.0	(11,964.0)	-9.7%
5	Industrial	1,212.0	1,211.0	(1.0)	-0.1%
6	Public Authorities	20,352.0	18,562.0	(1,790.0)	-8.8%
7	Resale	1,165.0	1,047.0	(118.0)	-10.1%
8	Other	2,002.0	1,909.0	(93.0)	-4.6%
9	Total Potable Water Revenue	394,729.0	373,196.0	(21,533.0)	-5.5%
10	Raw and Recycle Water				
11	Raw Water	436.0	436.0	0.0	0.0%
12	Recycled Water	7,005.0	6,340.0	(665.0)	-9.5%
13					
14	Total Raw and Recycled Water	7,441.0	6,776.0	(665.0)	-8.9%
15	METERED SALES REVENUE SUBTOTAL	402,170.0	379,972.0	(22,198.0)	-5.5%
16	<u>FLAT RATE FIRE SERVICE REVENUE</u>				
17	Up-size to Residential with Fire Service	357.6	350.3	(7.3)	-2.0%
18	Private Fire Service	5,728.0	5,519.0	(209.0)	-3.6%
19	FLAT RATE FIRE SERVICE REVENUE SUBTOTAL	6,085.6	5,869.3	(216.3)	-3.6%
20	<u>MISCELLANEOUS REVENUE</u>				
21	Rent	0.0	0.0	0.0	0.0%
22	Other	204.0	204.0	0.0	0.0%
23	MISCELLANEOUS REVENUE SUBTOTAL	204.0	204.0	0.0	0.0%
24	Operating Revenues	408,459.6	386,045.3	(22,414.3)	-5.5%
25	Deferred Revenue on CIAC - Gross of Tax	1,500.0	1,500.0	0.0	0.0%
26	Total Revenues at Present Rates, Test Year 2022	409,959.6	387,545.3		
Escalation Year 2023 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	<u>METERED SALES REVENUE</u>				
2	Potable Water Revenue				
3	Residential	244,951.0	237,387.0	(7,564.0)	-3.1%
4	Business	124,777.0	112,469.0	(12,308.0)	-9.9%
5	Industrial	1,216.0	1,214.0	(2.0)	-0.2%
6	Public Authorities	20,393.0	18,600.0	(1,793.0)	-8.8%
7	Resale	1,165.0	1,047.0	(118.0)	-10.1%
8	Other	2,125.0	1,993.0	(132.0)	-6.2%
9	Total Potable Water Revenue	394,627.0	372,710.0	(21,917.0)	-5.6%
10	Raw and Recycle Water			0.0	0.0%
11	Raw Water	452.2	452.2	0.0	0.0%
12	Recycled Water	7,668.0	6,981.0	(687.0)	-9.0%
13	Recycled Water Well	0.0	0.0	0.0	0.0%
14	Total Raw and Recycled Water	8,120.2	7,433.2	(687.0)	-8.5%
15	METERED SALES REVENUE SUBTOTAL	402,747.2	380,143.2	(22,604.0)	-5.6%
16	<u>FLAT RATE FIRE SERVICE REVENUE</u>				
17	Up-size to Residential with Fire Service	377.0	369.0	(8.0)	-2.1%
18	Private Fire Service	5,835.0	5,605.0	(230.0)	-3.9%
19	FLAT RATE FIRE REVENUE SUBTOTAL	6,212.0	5,974.0	(238.0)	-3.8%
20	<u>MISCELLANEOUS REVENUE</u>				
21	Rent	0.0	0.0	0.0	0.0%
22	Other	204.0	204.0	0.0	0.0%
23	MISCELLANEOUS REVENUE SUBTOTAL	204.0	204.0	0.0	0.0%
24	Operating Revenues	409,163.2	386,321.2	(22,842.0)	-5.6%
25	Deferred Revenue on CIAC - Gross of Tax	1,678.0	1,678.0	0.0	0.0%
26	Total Revenues at Present Rates, Escal. Year 2023	410,841.2	387,999.2	(22,842.0)	-5.6%

SAN JOSE WATER COMPANY A.21-01-003

TABLE 3-1

OPERATIONS & MAINTENANCE EXPENSES - TEST YEAR

Test Year 2022 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	<u>Operations Expenses:</u>				
2	Supply Expense:				
3	Purchased Water Potable	110,927.0	101,305.0	(9,622.0)	-8.7%
4	Purchased Water Recycle	3,662.6	3,908.3	245.7	6.7%
5	Other Source of Supply (Labor, Transp., M&S, Other)	2,646.9	2,733.6	86.7	3.3%
6	Purchased Power (Pumping)	5,608.8	7,443.5	1,834.7	32.7%
7	Pump Taxes (Pumped Water Cost)	57,246.0	52,147.0	(5,099.0)	-8.9%
8	Other Pumping Expenses (Labor, Transp., M&S)	4,299.9	4,649.5	349.6	8.1%
9	Total Supply Expenses	184,391.3	172,186.9	(12,204.3)	-6.6%
10	Water Treatment:				
11	Chemicals	547.0	547.0	0.0	0.0%
12	Other Water Treatment (Labor, M&S, Reg.Cost, etc.)	4,897.3	5,097.3	200.0	4.1%
13	Transmission and Distribution (Labor, Transportation, M&S, Other)	4,689.8	5,028.1	338.4	7.2%
14	Customer Accounts less uncollectibles (Labor, transportation, etc.)	8,096.2	10,953.1	2,856.9	35.3%
15	Non-Tariffed Service Income Adjustment	(1,035.7)	(850.6)	(185.1)	-17.9%
16	Total Operations Expenses	201,585.9	192,961.8	(8,624.1)	-4.3%
17	<u>Maintenance Expenses (Labor and Purchased Services-M&S):</u>				
18	Source of Supply Plant	154.9	177.8	22.9	14.8%
19	Pumping Plant	1,507.1	1,214.5	(292.6)	-19.4%
20	Water Treatment Plant	210.9	223.3	12.5	5.9%
21	Transmission & Distribution (including transp. and other)	14,233.1	15,213.9	980.8	6.9%
22	Ratemaking Adjustments (Non-Utility Property Maint Expense)	(4.1)	(5.2)	1.1	26.1%
23	Total Maintenance Expenses	16,101.9	16,824.3	722.4	4.5%
24	Total O&M excluding Uncollectibles	217,687.8	209,786.2	(7,901.6)	-3.6%
25	<u>At Present Rates</u>				
26	Total Revenues (including deferred Revenue on CIAC)	409,959.6	438,229.0	28,269.4	6.9%
27	Uncollectible Rate	0.1126%	0.0936%	-0.0190%	-16.9%
28	Uncollectibles Expense	461.5	410.2	(51.4)	-11.1%
29	Total O&M Expenses including Uncollectibles	218,149.3	210,196.4	(7,953.0)	-3.6%
30	<u>At Proposed Rates</u>				
31	Total Revenues (including deferred Revenue on CIAC)	426,550.9	438,228.1	11,677.2	2.7%
32	Uncollectible Rate	0.1126%	0.0936%	-0.0190%	-16.9%
33	Uncollectibles Expense	480.2	410.2	(70.0)	-14.6%
34	Total O&M Expenses including Uncollectibles	218,168.0	210,196.4	(7,971.6)	-3.7%

SAN JOSE WATER COMPANY A.21-01-003					
TABLE 4-1					
ADMINISTRATIVE & GENERAL EXPENSES					
Test Year 2022 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Administrative & General Expenses:				
2	Salaries	12,698.0	14,181.0	1,483.0	11.7%
3	Office Supplies (Transpostation and M&S)	3,066.3	3,691.6	625.3	20.4%
4	Property Insurance	268.6	288.8	20.2	7.5%
5	Injuries and Damages	5,633.4	5,258.9	(374.5)	-6.6%
6	Pensions,Benefits & PBOP	18,742.2	19,731.9	989.7	5.3%
7	Regulatory Commission	341.7	341.7	0.0	0.0%
8	Outside Services	5,082.1	8,216.4	3,134.3	61.7%
9	General Corporate	691.5	1,197.6	506.1	73.2%
10	Dues & Membership	622.6	684.1	61.5	9.9%
11	Rents	535.1	535.3	0.1	0.0%
12	Maintenance Expense (Labor and M&S)	3,138.0	2,788.7	(349.3)	-11.1%
13	A & G Expenses Transferred	(11,030.9)	(12,071.8)	(1,040.9)	9.4%
14	Total A&G and Miscellaneous Adjustments	39,788.6	44,844.1	5,055.5	12.7%
Escalation Year 2023 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Administrative & General Expenses:				
2	Salaries	13,669.0	14,493.0	824.0	6.0%
3	Office Supplies	3,067.6	3,713.0	645.4	21.0%
4	Property Insurance	288.9	320.3	31.3	10.8%
5	Injuries and Damages	5,953.7	5,535.7	(417.9)	-7.0%
6	Pensions,Benefits & PBOP	18,408.8	19,440.4	1,031.5	5.6%
7	Regulatory Commission	349.9	349.9	0.0	0.0%
8	Outside Services	5,087.2	8,305.2	3,218.0	63.3%
9	General Corporate	709.1	1,228.6	519.5	73.3%
10	Dues & Membership	638.4	701.8	63.4	9.9%
11	Rents	548.0	548.1	0.1	0.0%
12	Maintenance Expense	3,223.0	2,854.9	(368.1)	-11.4%
13	A & G Expenses Transferred	(11,246.4)	(12,308.3)	1,061.8	9.4%
14	Total A&G and Miscellaneous Adjustments	40,697.1	45,182.6	4,485.5	11.0%

SAN JOSE WATER COMPANY A.21-01-003					
TABLE 5-1					
TAXES OTHER THAN INCOME					
Test Year 2022 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	CITY & COUNTY TAXES				
2	Ad Valorem	10,868.8	11,503.5	634.7	5.8%
3	Business License	163.7	172.3	8.6	5.2%
4	Payroll Taxes (SUI, FUI, FICA)	3,126.4	3,630.6	504.2	16.1%
5	Sub Total	14,158.9	15,306.4	1,147.5	8.1%
6	At Present Rates				
7	Operating Revenue <i>EXCLUDING</i> Uncollectibles *	408,459.6	386,045.3	(22,414.3)	-5.5%
8	Effective Local Franchise Tax Rate	0.241%	0.218%	-2.300%	-9.5%
9	Franchise Taxes on applicable op. revenues	984.0	841.2	(142.8)	-14.5%
10	Total Taxes Other Than Income, At Present Rates	15,142.8	16,147.5	1,004.7	6.6%
11	At Proposed Rates				
12	Operating Revenue <i>EXCLUDING</i> Uncollectibles *	425,050.9	437,629.1	12,578.2	3.0%
13	Effective Local Franchise Tax Rate	0.241%	0.218%	-2.300%	-9.5%
14	Franchise Taxes on applicable op. revenues	1,023.9	953.6	(70.4)	-6.9%
15	Total Taxes Other Than Income, At Proposed Rates	15,182.8	16,259.9	1,077.1	7.1%
Escalation Year 2023 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	CITY & COUNTY TAXES				
2	Ad Valorem	11,175.7	12,192.7	1,017.0	9.1%
3	Business License	161.2	181.3	20.0	12.4%
4	Payroll Taxes (SUI, FUI, FICA)	3,360.7	3,726.7	366.0	10.9%
5	Sub Total	14,697.6	16,100.7	1,403.0	9.5%
6	At Present Rates				
7	Operating Revenue <i>EXCLUDING</i> Uncollectibles *	409,163.2	386,321.2	(22,842.0)	-5.6%
8	Effective Local Franchise Tax Rate	0.241%	0.218%	-2.300%	-9.5%
9	Franchise Taxes on applicable op. revenues	985.7	841.8	(143.9)	-14.6%
10	Total Taxes Other Than Income, At Present Rates	15,683.3	16,942.5	1,259.2	8.0%
11	At Proposed Rates				
12	Operating Revenue <i>EXCLUDING</i> Uncollectibles *	436,900.6	452,861.0	15,960.4	3.7%
13	Effective Local Franchise Tax Rate	0.241%	0.218%	-2.300%	-9.5%
14	Franchise Taxes on applicable op. revenues	1,052.5	986.8	(65.7)	-6.2%
15	Total Taxes Other Than Income, At Proposed Rates	15,750.1	17,087.5	1,337.3	8.5%

SAN JOSE WATER COMPANY A.21-01-003

TABLE 6-1

TAXES BASED ON INCOME - TEST YEAR AT PRESENT RATES

Test Year 2022 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Operating Revenue at Present Rates	408,459.6	386,045.3	(22,414.3)	-5.5%
2	<u>Common Deductions:</u>				
3	Operating Expenses	273,417.2	271,549.8	(1,867.4)	-0.7%
4	Transportation Depreciation (Clearing Account)	(1,589.1)	(1,589.1)	0.0	0.0%
5	Interest Expense	27,507.0	30,069.0	2,562.0	9.3%
6	Other Permanent Differences	(6.9)	(6.9)	0.0	0.0%
7	50% Meal Disallowance	(342.9)	(342.9)	0.0	0.0%
8	Deductions excluding Depreciation	298,985.3	299,679.9	694.6	0.2%
9	<u>State Corporation Franchise Tax</u>				
10	Taxable Income before State Tax Depreciation	109,474.3	86,365.4	(23,108.9)	-21.1%
11	<u>Additional Deduction:</u>				
12	Tax Depreciation-State	(59,992.0)	(59,992.0)	0.0	0.0%
13	State Tax Deduction on Repairs and Maintenance	(16,684.6)	(16,684.6)	0.0	0.0%
14	Deferred Revenue (Net of Tax) & Section 263(a)	9,768.8	9,408.7	(360.1)	-3.7%
15	Additional Deduction for CCFT Subtotal	(66,907.9)	(67,268.0)	360.1	0.5%
16	<u>Federal Tax Deductions</u>				
17	Taxable Income Before Federal Tax Depreciation and CCFT	109,474.3	86,365.4	23,108.9	-21.1%
18	<u>Additional Deduction:</u>				
19	Tax Depreciation	(72,947.2)	(72,947.2)	0.0	0.0%
20	Calif. Corporation Franchise Tax	(5,246.3)	(3,129.2)	(2,117.1)	-40.4%
21	IRS Section 199 QPA Deduction	0.0	0.0	0.0	0.0%
22	Additional Deduction for Federal Tax Subtotal	(78,193.5)	(76,076.4)	(2,117.1)	-2.7%
23					
24	<u>California Corporate Franchise Tax (CCFT)</u>				
25	Taxable Income for CCFT	42,566.4	19,097.4	(23,469.0)	-55.1%
26	<i>CCFT Rate</i>	8.84%	8.84%	0.0%	0.0%
27	Total CCFT	3,762.9	1,688.2	(2,074.7)	-55.1%
28	<u>Federal Income Tax (FIT)</u>				
29	Taxable Income for FIT	31,280.8	10,289.1	(20,991.8)	-67.1%
30	<i>FIT Rate</i>	21.00%	21.00%	0.0%	0.0%
31	Total FIT	6,569.0	2,160.7	(20,991.8)	(0.7)
32	Amortization of Unrecoverable Prepaid Tax on Advances (1987)	195.6	195.6	0.0	0.0%
32	Reversal of Excess Deferred Tax	(3,202.1)	(3,202.1)	0.0	0.0%
34	Total Income Taxes for Revenues at Present Rates	10,527.4	4,044.5	(6,482.9)	-61.6%

SAN JOSE WATER COMPANY A.21-01-003

TABLE 6-2

TAXES BASED ON INCOME - TEST YEAR AT PROPOSED RATES

Test Year 2022 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Operating Revenue at Proposed Rates	425,050.9	437,629.1	12,578.2	3.0%
2	<u>Common Deductions:</u>				
3	Operating Expenses	273,475.1	271,710.2	(1,764.9)	-0.6%
4	Transportation Depreciation (Clearing Account)	(1,589.1)	(1,589.1)	0.0	0.0%
5	Interest Expense	27,507.0	30,069.0	2,562.0	9.3%
6	Other Permanent Differences	(6.9)	(6.9)	0.0	0.0%
7	50% Meal Disallowance	(342.9)	(342.9)	0.0	0.0%
8	Deductions excluding Depreciation	299,043.2	299,840.3	797.1	0.3%
9	<u>State Corporation Franchise Tax</u>				
10	Taxable Income before State Tax Depreciation	126,007.7	137,788.8	11,781.1	9.3%
11	<u>Additional Deduction:</u>				
12	Tax Depreciation-State	(59,992.0)	(59,992.0)	0.0	0.0%
13	State Tax Deduction on Repairs and Maintenance	(16,684.6)	(16,684.6)	0.0	0.0%
14	Deferred Revenue (Net of Tax) & Section 263(a)	9,768.8	9,408.7	(360.1)	-3.7%
15	Additional Deduction for CCFT Subtotal	(66,907.9)	(67,268.0)	360.1	0.5%
16	<u>Federal Tax Deductions</u>				
17	Taxable Income Before Federal Tax Depreciation and CCFT	126,007.7	137,788.8	(11,781.1)	9.3%
18	<u>Additional Deduction:</u>				
19	Tax Depreciation	(72,947.2)	(72,947.2)	0.0	0.0%
20	Calif. Corporation Franchise Tax	(4,603.0)	(3,129.2)	(1,473.8)	-32.0%
21	IRS Section 199 QPA Deduction	0.0	0.0	0.0	0.0%
22	Additional Deduction for Federal Tax Subtotal	(77,550.2)	(76,076.4)	(1,473.8)	-1.9%
23					
24	<u>California Corporate Franchise Tax (CCFT)</u>				
25	Taxable Income for CCFT	59,099.9	70,520.8	11,421.0	19.3%
26	<i>CCFT Rate</i>	8.84%	8.84%	0.0%	0.0%
27	Total CCFT	5,224.4	6,234.0	1,009.6	19.3%
28	<u>Federal Income Tax (FIT)</u>				
29	Taxable Income for FIT	48,457.6	61,712.4	13,254.9	27.4%
30	<i>FIT Rate</i>	21.00%	21.00%	0.0%	0.0%
31	Total FIT	10,176.1	12,959.6	2,783.5	27.4%
32	Amortization of Unrecoverable Prepaid Tax on Advances (1987)	195.6	195.6	0.0	0.0%
32	Reversal of Excess Deferred Tax	(3,202.1)	(3,202.1)	0.0	0.0%
34	Total Income Taxes for Revenues at Proposed Rates	12,394.0	16,187.1	3,793.1	30.6%

SAN JOSE WATER COMPANY A.21-01-003

**TABLE 7-1
UTILITY PLANT IN SERVICE**

Test Year 2022 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Plant in Service - Beginning of Year	1,982,796.4	2,032,947.5	50,151.1	2.5%
2	Gross Additions:				
3	Land	0.0	0.0	0.0	0.0%
4	Source of Supply	9,915.8	13,654.1	3,738.3	37.7%
5	Reservoirs & Tanks	4,613.6	16,365.5	11,751.9	254.7%
6	Water Treatment	7,128.3	7,128.3	0.0	0.0%
7	Pump Stations & Equip.	6,821.3	7,188.3	367.0	5.4%
8	Other Transmission & Distr. Plant	67,062.1	92,149.1	25,087.0	37.4%
9	General Plant	8,604.5	10,888.1	2,283.6	26.5%
10	Total Gross Additions	104,145.6	147,373.4	43,227.8	41.5%
		104,145.6			
11	Retirement and Other Adjustments:				
12	Retirements [1]	10,457.0	10,457.0	0.0	0.0%
13	Sales and Adjustments	0.0	0.0	0.0	0.0%
14	Capitalized Interest During Construction	2,913.1	3,907.4	994.4	34.1%
15	Net Additions	96,601.6	140,823.8	44,222.2	45.8%
16	Net Additions including Adv for Constr (Using Construction Budget)	100,224.9	146,863.5	46,638.6	46.5%
17	Plant in Service - End of Year	2,083,021.3	2,179,811.1	96,789.7	4.6%
18	Plant Weighting Factor	51.91%	34.28%	-17.6%	-34.0%
19	Weighted Average Plant in Service	2,032,940.4	2,081,221.9	48,281.6	2.4%
20	Wtd Avg Plant in Service including Advances for Construction	2,034,821.2	2,083,292.4	48,471.2	2.4%
Escalation Year 2023 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Plant in Service - Beginning of Year	2,079,398.0	2,173,771.4	94,373.3	4.5%
2	Gross Additions:				
3	Land	0.0	0.0	0.0	0.0%
4	Source of Supply	87.9	27,435.7	27,347.8	31112.4%
5	Reservoirs & Tanks	28,573.0	20,133.5	(8,439.5)	-29.5%
6	Water Treatment	4,243.2	8,501.0	4,257.8	100.3%
7	Pump Stations & Equip.	12,794.7	17,523.8	4,729.1	37.0%
8	Other Transmission & Distr. Plant	69,135.8	93,702.9	24,567.1	35.5%
9	General Plant	6,838.7	7,661.9	823.2	12.0%
10	Total Gross Additions	121,673.3	174,958.8	53,285.5	43.8%
		121,673.3			
11	Retirement and Other Adjustments:				
12	Retirements [1]	10,457.0	10,457.0	0.0	0.0%
13	Sales and Adjustments	0.0	0.0	0.0	0.0%
14	Capitalized Interest During Construction	3,404.8	4,719.1	1,314.3	38.6%
15	Net Additions	114,621.1	169,220.9	54,599.8	47.6%
16	Net Additions including Adv for Constr (Using Construction Budget)	191,341.0	243,717.4	52,376.4	27.4%
17	Plant in Service - End of Year	2,194,019.1	2,342,992.3	148,973.2	6.8%
18	Plant Weighting Factor	51.91%	34.28%	-17.6%	-34.0%
19	Weighted Average Plant in Service	2,138,895.5	2,231,780.3	92,884.7	4.3%
20	Wtd Avg Plant in Service including Advances for Construction	2,178,719.3	2,257,317.7	78,598.4	3.6%

SAN JOSE WATER COMPANY A.21-01-003					
TABLE 8-1					
DEPRECIATION RESERVE & EXPENSE					
Test Year 2022 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Depreciation Reserve - Beginning of Year	733,261.7	721,377.1	(11,884.6)	-1.6%
2	Annual Accruals:				
3	Clearing Accounts (Transportation)	1,589.1	1,589.1	0.0	0.0%
4	CIAC	5,984.2	5,984.2	0.0	0.0%
5	Geographic Info System	0.0	0.0	0.0	0.0%
6	Expenses	68,428.0	71,297.7	2,869.7	4.2%
7	Total Annual Accruals	76,001.3	78,871.1	2,869.7	3.8%
8	Retirements and Adjustments:				
9	Net Retirements	14,677.9	16,627.4	1,949.5	13.3%
10	Adjustments	0.0	0.0	0.0	0.0%
11	Total Retirement and Adjustments	14,677.9	16,627.4	1,949.5	13.3%
12	Net Additions	61,323.4	62,243.6	920.3	1.5%
13	Depreciation Reserve - End of Year	794,585.1	783,620.7	(10,964.4)	-1.4%
14	Depreciation Reserve Weighting Factor	53.50%	53.29%	-0.2%	-0.4%
15	Weighted Average Depreciation Reserve	766,069.8	754,546.7	(11,523.0)	-1.5%
16	* Depreciation expense for summary of earnings calc. (does not include depreciation for transportation, etc.)	68,428.0	71,297.7	2,869.7	4.2%
Escalation Year 2023 (\$000)		Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Depreciation Reserve - Beginning of Year	794,585.1	783,620.7	(10,964.4)	-1.4%
2	Accruals:				
3	Clearing Accounts (Transportation)	1,627.1	1,627.1	0.0	0.0%
4	CIAC	6,283.4	6,283.4	0.0	0.0%
5	Geographic Info System	0.0	0.0	0.0	0.0%
6	Expenses	70,216.1	74,598.7	4,382.7	6.2%
7	Total Accruals	78,126.6	82,509.3	4,382.7	5.6%
8	Retirements and Adjustments:				
9	Net Retirements	14,677.9	16,627.4	1,949.5	13.3%
10	Adjustments	0.0	0.0	0.0	0.0%
11	Total Retirement and Adjustments	14,677.9	16,627.4	1,949.5	13.3%
12	Net Additions	63,448.7	65,881.9	2,433.2	3.8%
13	Depreciation Reserve - End of Year	858,033.8	849,502.6	(8,531.2)	-1.0%
14	Depreciation Reserve Weighting Factor	53.50%	53.29%	-0.2%	-0.4%
15	Weighted Average Depreciation Reserve	828,530.2	818,729.2	(9,801.0)	-1.2%
16	* Depreciation expense for summary of earnings calc. (does not include depreciation for transportation, etc.)	70,216.1	74,598.7	4,382.7	6.2%

SAN JOSE WATER COMPANY A.21-01-003					
TABLE 9-1					
WEIGHTED AVERAGE RATE BASE - TEST YEAR					
Test Year 2022 (\$000)	Cal Advocates	SJWC	SJWC > Cal Advocates		
1 Weighted Average Plant In Service including advances for construction	2,034,821.2	2,083,292.4	48,471.2	2.4%	
2 Weighted Average Depreciation Reserve	(766,069.8)	(754,546.7)	11,523.0	-1.5%	
3 Net Utility Plant	1,268,751.4	1,328,745.6	59,994.2	4.7%	
4 <u>Deductions from Rate Base:</u>					
5 Adjustment to Plant:					
6 Advances for Construction	80,339.8	78,475.9	(1,863.9)	-2.3%	
7 Contribution In Aid of Construction	141,939.9	142,061.1	121.2	0.1%	
8 Plant Funded by SDWSRF loan	370.2	370.2	0.0	0.0%	
9 Reserve for Amortization	585.5	585.5	0.0	0.0%	
10 Total Adjustment to Plant	223,235.4	221,492.7	(1,742.7)	-0.8%	
11 Deferred Federal Income Tax Liability	137,578.6	134,617.1	(2,961.6)	-2.2%	
12 Investment Tax Credit Reserve	864.6	864.6	0.0	0.0%	
13 Total Deductions from Rate Base	361,678.6	356,974.4	(4,704.3)	-1.3%	
14 <u>Additions to Rate Base:</u>					
15 Working Capital	26,320.4	52,112.4	25,791.9	98.0%	
16 Ratebase Taxed Contribution	12,731.2	12,138.0	(593.2)	-4.7%	
17 Ratebase Taxed Advances	3,693.7	3,797.1	103.4	2.8%	
18 Total Additions to Rate Base	42,745.3	68,047.4	25,302.1	59.2%	
19 Weighted Average Rate Base	949,818.1	1,039,818.7	90,000.6	9.5%	
20 <u>Interest Calculation (for Tax Deductions):</u>					
21 <i>Weighted Avg. Rate Base less customer deposits in Working Cash</i>	<i>949,818.1</i>	<i>1,039,818.7</i>	<i>90,000.6</i>	<i>9.5%</i>	
22 <i>Customer Deposit in Working Cash:</i>	<i>(1,315.8)</i>	<i>(1,315.8)</i>	<i>0.0</i>	<i>0.0%</i>	
23 <i>Weighted Cost of Debt</i>	<i>2.90%</i>	<i>2.90%</i>	<i>0.0%</i>	<i>0.0%</i>	
24 <i>Interest Expense</i>	<i>27,506.6</i>	<i>30,116.6</i>	<i>2,610.0</i>	<i>9.5%</i>	

SAN JOSE WATER COMPANY A.21-01-003					
TABLE 9-2					
WEIGHTED AVERAGE RATE BASE - ESCALATION YEAR					
Escalation Year 2023	(\$000)	Cal Advocates	SJWC	SJWC > Cal Advocates	
1	Weighted Average Plant In Service including advances for construction	2,178,719.3	2,257,317.7	78,598.4	3.6%
2	Weighted Average Depreciation Reserve	(828,530.2)	(818,729.2)	9,801.0	-1.2%
3	Net Utility Plant	1,350,189.1	1,438,588.5	88,399.3	6.5%
4	<u>Deductions from Rate Base:</u>				
5	Adjustment to Plant:				
6	Advances for Construction	80,467.4	78,575.1	(1,892.3)	-2.4%
7	Contribution In Aid of Contruction	150,628.4	149,614.2	(1,014.2)	-0.7%
8	Plant Funded by SDWSRF loan	180.2	180.2	0.0	0.0%
9	Reserve for Amortization	601.8	601.8	0.0	0.0%
10	Total Adjustment to Plant	231,877.8	228,971.3	(2,906.5)	-1.3%
11	Deferred Income Tax Liability	132,624.7	128,663.6	(3,961.1)	-3.0%
12	Investment Tax Credit Reserve	804.6	804.6	0.0	0.0%
13	Total Deductions from Rate Base	365,307.1	358,439.5	(6,867.6)	-1.9%
14	<u>Additions to Rate Base:</u>				
15	Working Capital	27,094.4	53,607.2	26,512.8	97.9%
16	Ratebase Taxed Contribution	14,644.4	13,968.2	(676.2)	-4.6%
17	Ratebase Taxed Advances	3,794.2	4,006.6	212.4	5.6%
18	Total Additions to Rate Base	45,533.0	71,582.0	26,049.0	57.2%
19	Weighted Average Rate Base	1,030,415.0	1,151,731.0	121,316.0	11.774%
20	<u>Interest Calculation (for Tax Deductions):</u>				
21	Weighted Avg. Rate Base less customer deposits in Working Cash	1,030,415.0	1,151,731.0	121,316.0	11.8%
22	Customer Deposit in Working Cash:	(1,315.8)	(1,315.8)	0.0	0.0%
23	Weighted Cost of Debt	2.90%	2.90%	0.0%	0.0%
24	Interest Expense	29,843.9	33,362.0	3,518.2	11.8%

ATTACHMENT 1: STATEMENT OF QUALIFICATIONS

- PRASHANTA ADHIKARI

1 Q1. Please state your name, business address, and position with the California Public
2 Utilities Commission (“Commission”).

3 A1. My name is Prashanta Adhikari, and my business address is 505 Van Ness
4 Avenue, San Francisco, California 94102. I am a Public Utilities Regulatory
5 Analyst (PURA) in the Communications Water & Policy Branch of the Public
6 Advocates Office.

7 Q2 By whom are you employed and in what capacity?

8 A2. I am employed by the Commission’s Public Advocates Office as a PURA.

9 Q3. Please summarize your education background and professional experience.

10 A3. I have a BA in Economics from University of California, Davis (2017) and have
11 worked as a PURA since October 2019.

12 Q4. What is your responsibility in this proceeding?

13 A4. My responsibility is preparing testimony on taxes and rate base, and the Results
14 of Operation Tables and report.

15 Q5. Does this conclude your prepared direct testimony?

16 A5. Yes.